



## *Meeting Health Care's Fundamental Goals Through a Changing Health-care Environment*

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The subject of Empire's conversion and its implications for health care in New York is an important one. Underlying virtually all such discussion is a single, consistent theme: change.

Health care in New York is going through a period of tremendous change. Now and again, a particular event increases one's awareness of that change: Columbia-Presbyterian and New York Hospital, two hospitals that were once fierce competitors, decide to merge; an age-old system of rates set by New York State is replaced by a free market of negotiations between private payers and providers; in September 1996, what was once the largest Blue Cross plan in the nation announced its intentions to convert to a for-profit entity.

As the environment changes, two fundamental goals of health care must remain constant. Health-care institutions and professionals must be "committed to doing right by the patient"—to quote Dr. Gray's words in *The Profit Motive and Patient Care*. This means providing high-quality health care that is accessible and affordable, and that government must always be committed to protecting, promoting, and ensuring the health of the public.

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### *Fundamental Questions*

Central to these goals are three questions. First, are we staying true to this mission and these values?

With few exceptions, all who work in public health and medicine believe strongly in these ideas and are very much committed to them. Those few exceptions, however, are worth noting. There is a concern when self-interest conflicts with health-care goals. Health care is not a perfect profession, and it has its share of problems and questionable practices. The Health Department has a responsibility to identify such practices and to act swiftly in response. This is the purpose of the Department's programs in physician discipline and health facility surveillance.

It is worth noting that the Health Department finds deficiencies in nonprofit and for-profit providers alike; the Institute of Medicine's Committee on Implications of For-Profit Enterprise in Health Care noted a similar finding in its 1986 report. The stereotype of nonprofits as exclusively altruistic and for-profits as wholly self-interested hardly holds true in practice. Our primary concern is less with how an organization is incorporated and more with whether that organization is working toward health care's overarching goals—quality, access, and doing right by patients. This must be our primary concern when we look at Empire's conversion as well.

Although the vast majority of public health and medical practitioners believe strongly in these goals, ironically the evolution of the health-care system has, at times, undermined them. Driven by a fee-for-service system that can encourage high-cost care, medical costs grew for a decade at rates more than twice the rate of inflation. It was inevitable that high costs would become a barrier to affordable health care, leaving a growing number of people without access to the care they need.

This raises another question that is central to our discussion: How can we stay true to our fundamental goals, our mission, and our values without unintentionally undermining them in the process? To put it another way, is it possible to have a health-care

system in which we use resources wisely so that we help as many people as possible to stay as healthy as possible without depleting those resources for generations to come?

The health-care industry's response to this issue has been to become more competitive. Of course, health-care providers have always competed—otherwise a merger like Columbia-Presbyterian and New York Hospital would not be so surprising. The difference is that now they are starting to compete more than ever before in the area of efficiency. This is true of virtually every entity in health care, whether nonprofit or for-profit, private or public.

The drive for efficiency relies heavily on effective coordination, administration, planning, and studies to show results. This is notably different from the fee-for-service world, where the focus was primarily on meeting health problems as they arose. Good planning requires complex systems and efficient administration, and this often requires access to capital. This is the reasoning that has been offered by managed-care organizations as they overwhelmingly convert to for-profit, and it is the main reason Empire has given for doing the same.

A third question arises: As the health-care industry becomes more efficient, how can we ensure that this emphasis on efficiency promotes our fundamental goals and helps us to do right by the patient?

The Health Department has worked together with private physicians, the hospital industry, managed-care organizations, and other entities to do this. Governor Pataki played an active leadership role in assuring that the Managed Care Bill of Rights was developed by a partnership of consumer and provider advocates and managed-care organizations. This law provides comprehensive protections to users of managed care, and it ensures that plans do not cut care in inappropriate ways.

Another way of ensuring that competitive markets do right by the patient is by providing the patient with information about health-care quality in the market. The Health Department is working with providers and consumers to develop performance

measures and reports on the quality of care, to make sure that this information is available in decisions about care.

Finally, we know that there are some needs that will not be addressed through market forces alone. In the Health Care Reform Act, New York State opened its hospital rates to negotiation to spur more efficiency, but also maintained New York's commitment to support public goods that might not have been available through market forces.

### ***Maintaining Fundamental Goals of Health Care***

For 60 years, Empire has been one of the organizations providing public goods, as the company that would insure New Yorkers who would not have been served by the general market. There is no reason that Empire had to be the only insurer taking on that role. In fact, as of last year, this was changed through Governor Pataki's Point-of-Service Bill. This bill requires all HMOs in the state to provide this access by offering individual policies to anyone who applies. This law applies to all managed-care plans in the state, whether for-profit or nonprofit.

Once again, this reflects the need to focus less on how organizations are incorporated and more on whether those organizations are meeting the basic and fundamental goals of health care. As we consider Empire's conversion, we need to keep this same focus. Empire has received special status and tax breaks for 60 years in return for its contribution to health care in New York. Whether or not this has bearing on our legal decisions, it must have bearing on our decisions of conscience. We need to make sure that the purpose those tax breaks served in the past continues to be served well into the future.

Whether we are looking at the Empire conversion, the growth of for-profit care, hospital mergers, or any changes in the health-care environment, it is vital that we return to the same three questions.

First, are we staying true to our fundamental goals for health care?

Second, are we making sure that our actions do not undermine our goals for the underserved or for future generations?

Third, are we finding ways to make health care more efficient and effective in ways that advance our goals?

Whether we are considering questions of nonprofit or for-profit, public or private, physicians or health-care facilities, if we can answer “yes” to all these questions, then we are doing right by the public and doing right by our patients.